

Message Text

UNCLASSIFIED

PAGE 01 JAKART 07103 311001Z

ACTION COME-00

INFO OCT-01 EA-12 ISO-00 EB-08 L-03 TRSE-00 FTC-01

CIAE-00 INR-10 NSAE-00 /035 W

-----019948 010100Z /14

R 310910Z MAY 78

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 9082

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

UNCLAS JAKARTA 7103

EO 11652: NA

TAGS: ETRD, EINV, ID

SUBJ: JOINT VENTURE OPERATION IN THE ASRAN REGION

REF: STATE 128808

1. WE ARE AWARE OF NO LAWS OR REGULATIONS PERTAINING TO FOREIGN GOVERNMENT PARTICIPATION IN FOREIGN FIRMS DOING BUSINESS IN INDONESIA AND BELIEVE NO SUCH LAWS EXIST. REGULATIONS WHICH DO APPLY TO INVESTMENT OR TRADING HERE BY FOREIGN FIRMS DO NOT DIFFERENTIATE BETWEEN ASEAN AND NON-ASEAN FIRMS. SHOULD THE US/TAS JOINT VENTURE DECIDE TO INVEST IN INDONESIA, IT WOULD BE NECESSARY TO HAVE AN INDONESIAN PARTNER HOLD A MINIMUM OF 10 TO 20 PERCENT. IF ONLY MARKETING IS CONTEMPLATED, IT WOULD MOST LIKELY NEED TO BE DONE THROUGH A LOCAL AGENT. ALTHOUGH SALES WOULD BE HANDLED BY THE AGENT, THE US/TAS FIRM COULD HAVE A PRESENCE HERE IN THE FORM OF A REPRESENTATIVE OFFICE, WHICH WOULD BE LICENSED BY THE MINISTRY OF TRADE. (GOI LAW CALLS FOR ALL TRADING ACTIVITIES TO BE HANDLED BY INDONESIANS; IBM ARGUED, UNSUCCESSFULLY, THAT ITS OPERATIONS - LEASING, MAINTENANCE AND OTHER SERVICES - WERE UNCLASSIFIED

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OUTSIDE THE REALM OF TRADING. WE ASSUME THE US/TAS FIRM SIMILARLY WOULD NOT BE ABLE TO DO ITS OWN MARKETING.)

2. PROSPECTS FOR SELLERS OF COMPUTER SERVICES WILL DEPEND UPON AVAILABILITY OF GOVERNMENT FUNDS. MARKET POTENTIAL IS PRIMARILY IN THE GOVERNMENT SECTOR---DEFENSE DEPT AND ARMED FORCES, STATE-OWNED COMPANIES, INCLUDING

GARUDA, PERTAMINA AND BANKS, PLANNED SOCIAL SECURITY
SCHEME, JAKARTA METROPOLITAN GOVERNMENT AND MANY OTHERS.
THE NEED FOR DATA PROCESSING SERVICES IS ENORMOUS, BUT
LACK OF SUFFICIENT FUNDS MEANS PROCUREMENT WILL CONTINUE
TO BE MODEST FOR THE FORESEEABLE FUTURE.
MASTERS

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NNN

Message Attributes

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ISecure: 1
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